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Laboring one gig at a time: Technology is changing the future for Pittsburgh workers



DANIEL MOORE ✓

Pittsburgh Post-Gazette
dmoore@post-gazette.com

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A recent Carnegie Mellon University study revealed a surprising trend that for the most part has gone unmeasured by government agencies.



As the number of people signed up to drive for Uber and Lyft swelled in Allegheny County, their individual income plummeted. In 2015, the average driver brought home roughly \$12,000, down from \$20,000 the year before.



Federal agencies are failing to pick up on a consequential part of the economy — an amorphous future of work in a technologically-saturated, automated world that increasingly relies on online platforms to connect with customers.

The U.S. Bureau of Labor Statistics, which tracks trends in the nation’s workforce, knows things like how unionized we Americans are (about 12 percent in 2016), what hours we work (the 9-to-5 shift is still dominant), and even seemingly irrelevant things like how much time [we spend doing laundry](#) (it averages out to about an hour for each load.)

And the agency has documented well the labor story of Rust Belt cities like Pittsburgh.

In our region, more than seven of every 10 jobs created since 1990 came in education, health or professional business services. Meanwhile, six of every 10 jobs lost here over that period disappeared from the manufacturing sector, which cut its payroll from 131,100 in 1990 to 83,500 positions in June 2017.

But the manufacturing-replaced-by-McDonald’s narrative has some holes because what the economy is embracing is not just flipping burgers or working a cash register. Rather, the

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nature of work is becoming fraught with technology, giving rise to umbrella terms like the “gig economy” where people can connect online and perform tasks.

In Pittsburgh, residents are experiencing these shifts acutely, whether through the sight of Uber and Lyft cars line up at the airport to give rides home to new arrivals or the latest news from one of the world’s most renowned robotics institutes at Carnegie Mellon in Oakland.

A study [released this summer](#) by CMU’s Heinz College of Information Systems and Public Policy helps fill the gaps. It analyzed the economic opportunity of so-called “non-employer establishments” in the transportation occupations — put another way, self-employed people picking up riders in need of a lift.

The results were clear: The number of self-employed drivers in Allegheny County rose faster than any other county in the state after Uber and Lyft launched here in early 2014.

Yet annual income for each self-employed driver remained low. In 2015, as the number of drivers here more than doubled to nearly 2,500 people, and average income for each fell by \$8,000 from \$20,000 in 2014.

Greg Lagana, director of projects for the Heinz College’s Center for Economic Development, said he was surprised by three things about the ride-hailing explosion: “The sheer surge of apparent activity in two years; the relatively low incomes implied by new entrants over those two years; and — unrelated to the metrics — the sheer audacity of the rollout and the regulatory fireworks that ensued.”

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And that, from the perspective of worker rights advocates, is how the failure to grasp the evolution of the so-called gig economy — in which workers are defined as independent contractors who pick up jobs as they come along, rather than being employed by a company — has contributed to eroding labor standards.

“Employers have externalized work as a way to cut wages, reduce benefits, and evade or escape legal responsibility for their employees,” according to a [2014 study](#) by the Institute for Research on Labor and Employment at University of California, Berkeley.

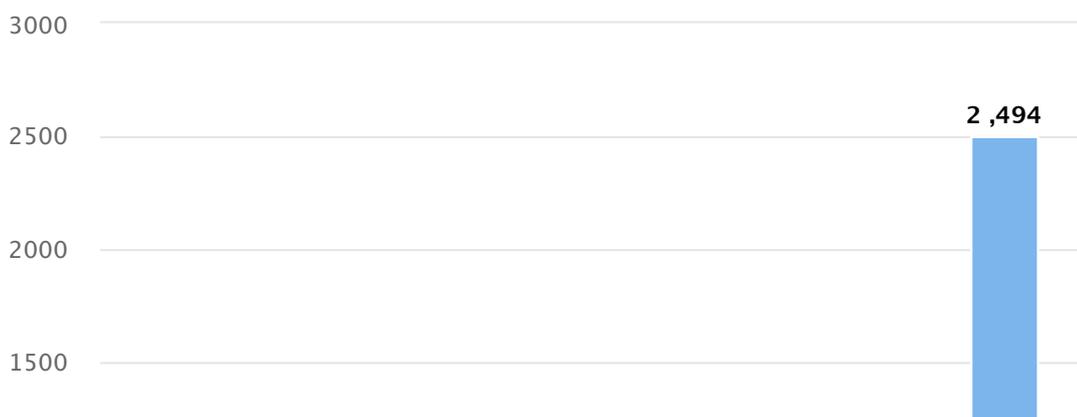
Inconsistent with the traditional Rust Belt narrative, manufacturing in Pittsburgh still is considered strong.

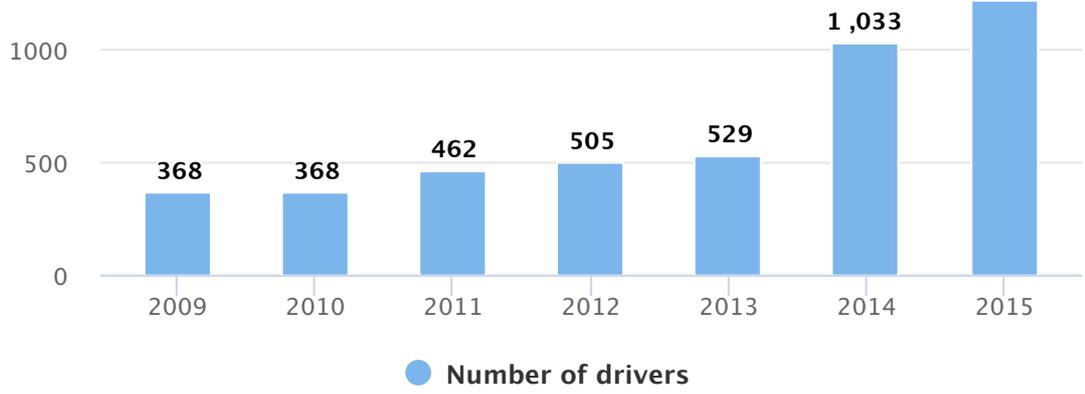
Where big companies that made steel and glass once dominated, small and medium-sized enterprises have proven adept at filling the void, according to Catalyst Connection, a Pittsburgh nonprofit that helps manufacturing companies grow.

Gig jobs grow, employment trends shift

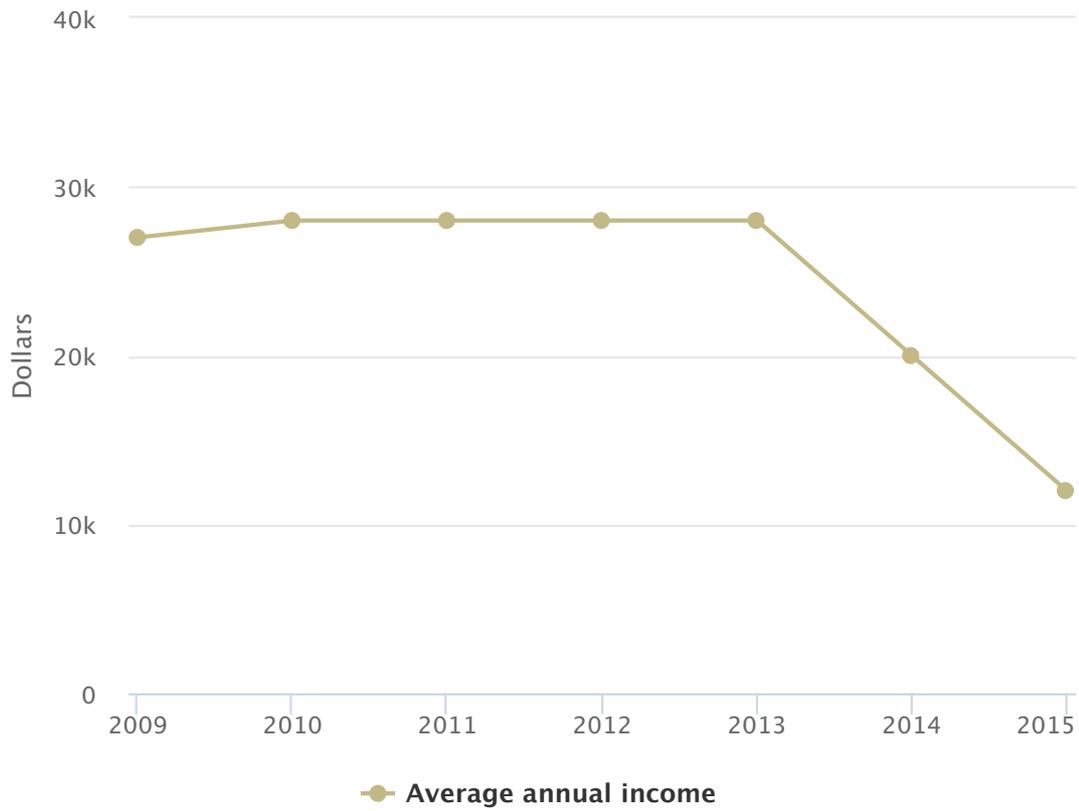
Allegheny County has been the center of the ride-hailing boom since Uber and Lyft moved into town in early 2014, providing opportunity for people to start their own businesses, but revenue for those drivers has sharply declined.

NUMBER OF SELF-EMPLOYED DRIVERS

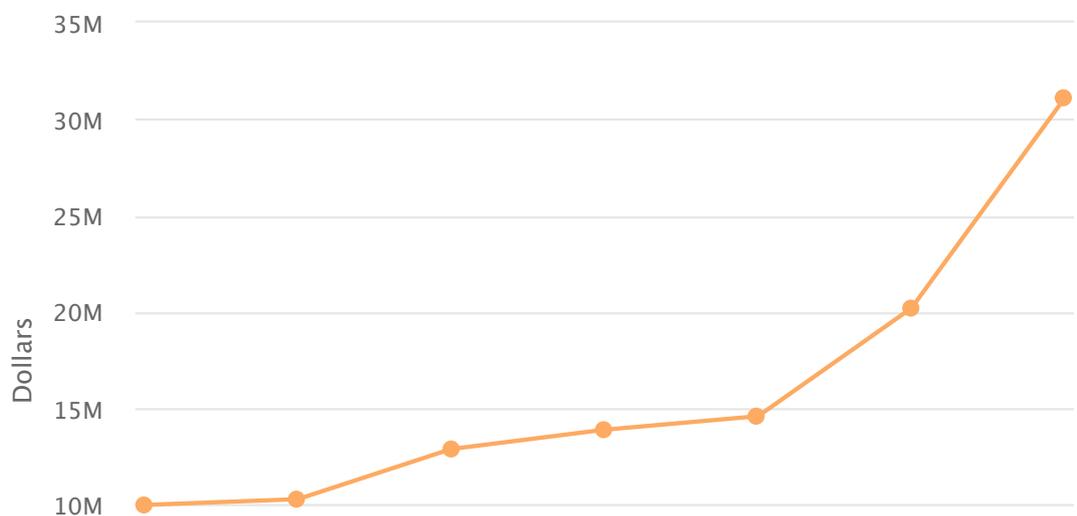




AVERAGE ANNUAL INCOME FOR SELF-EMPLOYED DRIVERS

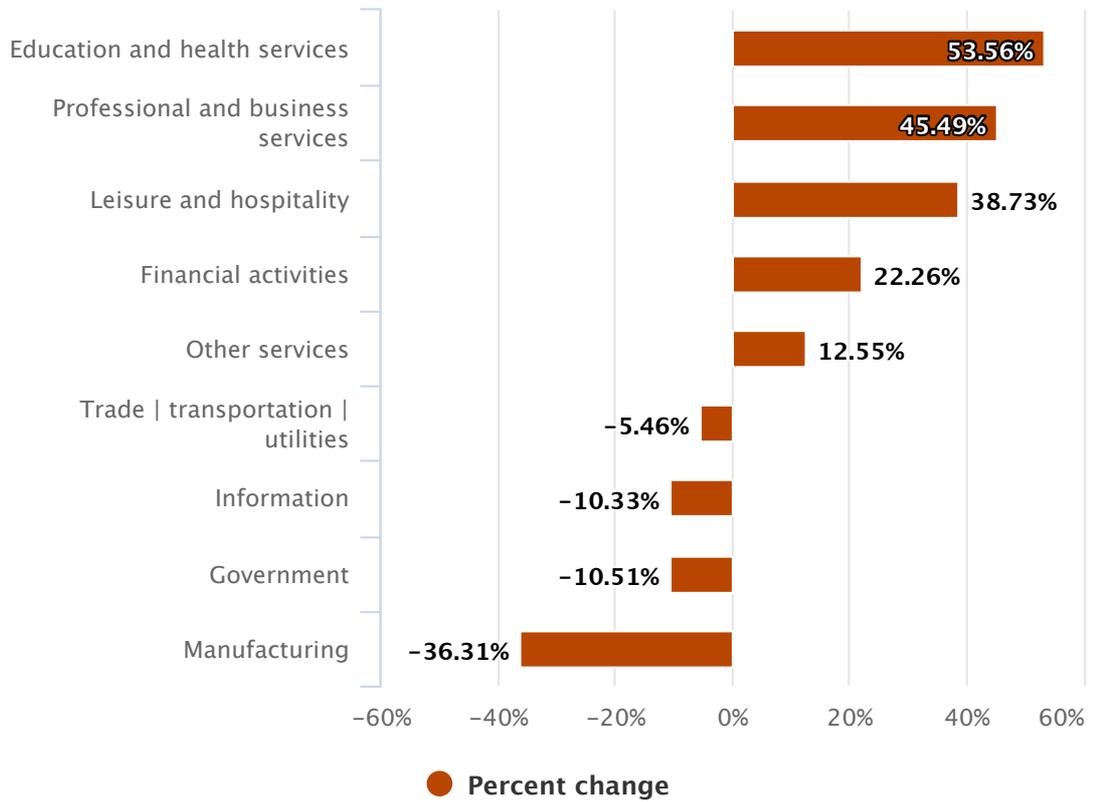


TOTAL RECEIPTS, IN MILLIONS OF DOLLARS

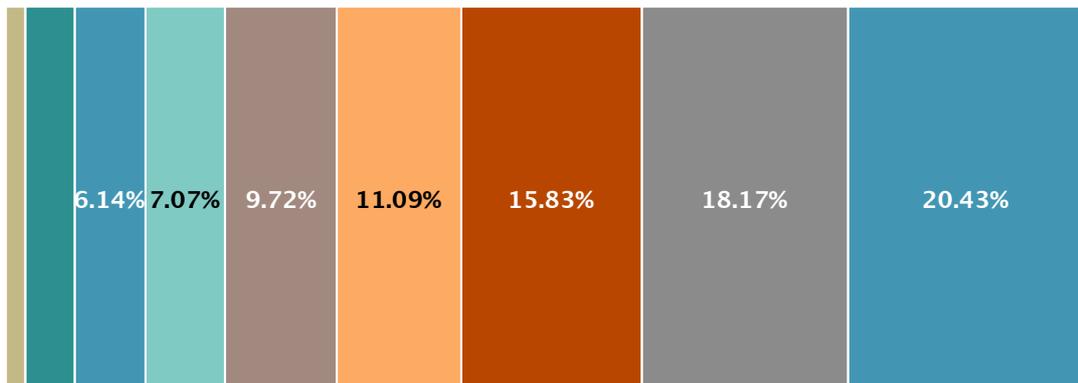




CHANGING EMPLOYMENT IN THE PITTSBURGH REGION, 1990-2017



EMPLOYMENT BREAKDOWN IN THE PITTSBURGH REGION, BY SECTOR, 2017



Sources: Center for Economic Development, Carnegie Mellon University; Nonemployer Statistics program, U.S. Census; U.S. Bureau of Labor Statistics

Graphic: James Hilston/Post-Gazette

In 2015, the [U.S. Department of Commerce](#) spotlighted the Pittsburgh region's approximately 1,600 manufacturers and directed more federal funds to them.

But manufacturing is subject to the same kind of technological imposition on the workforce: the looming abstract threat of automation — the increasing use of machines that promise to make producing goods more efficient and to require less manual labor.

From 2000 to 2010, nearly nine out of every 10 jobs lost in manufacturing was because of an increase in productivity aided by automated machinery and robots, according to [a study](#) from Ball State University.

Further, an Oxford University study showed that [more than half](#) of jobs are at risk of being computerized, according to a Post-Gazette report last week.

To be sure, traditional numbers still should carry weight as barometers of the American economy.

But important metrics are going unmeasured as more than 4,000 people in Pittsburgh have signed up to give rides through the Uber app, and “thousands” more are giving rides through Lyft, according to spokespersons for those two

through Lyft, according to spokespersons for those two companies.

Before you know it, Labor Day parades of the future will be led not by union steelworkers and fire trucks, but by freelance drivers in their own cars. And you won't see it coming.

Daniel Moore: dmoore@post-gazette.com, 412-263-2743 and Twitter @PGdanielmoore

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